



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 5, 2002

### **H.R. 706** **Lease Lot Conveyance Act of 2002**

*As ordered reported by the House Committee on Resources on February 27, 2002*

#### **SUMMARY**

H.R. 706 would direct the Secretary of the Interior to convey 403 cabin sites that are located along the shores of the reservoirs in Elephant Butte State Park and Caballo State Park in New Mexico to the Elephant Butte/Caballo Leaseholders Association. As a condition of conveyance, the association would pay the fair market value of the 403 sites, minus any structural improvements that have been made by current leaseholders. In addition, the association would have to reimburse the federal government for administrative costs associated with the conveyance.

Based on information from the Bureau of Reclamation, CBO estimates that selling the properties under H.R. 706 would result in additional receipts of about \$20 million over the 2003-2007 period. Because the legislation would affect direct spending, pay-as-you-go procedures would apply.

H.R. 706 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). The state of New Mexico manages these leases and retains the lease payments to cover their costs. Should the property be sold, the state would lose the lease income, but also would benefit from reduced costs. The net impact to the state probably would not be substantial.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 706 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By Fiscal Year, in Millions of Dollars					
	2002	2003	2004	2005	2006	2007
<b>CHANGES IN DIRECT SPENDING</b>						
Estimated Budget Authority	0	0	-20	0	0	0
Estimated Outlays	0	0	-20	0	0	0

## BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 706 will be enacted in fiscal year 2002 and that the conveyance of the properties will occur in 2004. According to both the Elephant Butte/Caballo Leaseholders Association and the Bureau of Reclamation, it will take at least one year to survey and appraise the property before the land would convey.

Based on information provided by the Bureau of Reclamation, CBO estimates that the association would purchase the property including easements and roads from the federal government for about \$40,000 to \$60,000 per lot, for a total of about \$20 million for the 403 cabin sites.

Currently, these properties do not generate any receipts for the federal government. The state of New Mexico manages the property for recreation and leases the cabin sites to individuals for temporary occupancy. The state uses the revenue generated from the leases for administration and management of the cabin sites and other types of park operations.

## PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects through 2006 are counted.

	By Fiscal Year, in Millions of Dollars										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Changes in outlays	0	0	-20	0	0	0	0	0	0	0	0
Changes in receipts						Not applicable					

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 706 contains no intergovernmental or private-sector mandates as defined in UMRA. The state of New Mexico manages these leases and retains the lease payments to cover their costs. Should the property be sold, the state would lose the lease income, but also would benefit from reduced costs. The net impact to the state probably would not be substantial.

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